

TRIPURA GAZETTE



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**PART--I-- Orders and Notifications by the Government of Tripura,
The High Court, Government Treasury etc.**

Government of Tripura
Finance (Institutional Finance) Department

No.F.12(17)-DIF/C-I/Shadow/1453

Dated 26 / 07 / 2018

NOTIFICATION

In exercise of the powers conferred by sub-Section (1) of Section 13 of the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (Central Act No.43 of 1978), the Governor of Tripura is pleased to make the following Rules, to amend the Prize Chits and Money Circulation Schemes (Banning) (Tripura) Rules, 1979 (hereinafter referred to as Principal Rules) :-

1. Short title and commencement:

- (i) These may be called "The Prize Chits and Money Circulation Schemes (Banning) (Tripura) (Amendment) Rules, 2018";
- (ii) These shall come into force on and from the date of their publication in the Tripura gazette.

2. Amendment of Rule 2:

- (i) In clause (b) of Rule 2 of the Principal Rules, the expression "Director of State Lotteries Tripura" shall be substituted with the expression "Director of Small Savings, Group Insurance & Institutional Finance".
 - (ii) After Clause (b) of Rule 2 of the Principal Rules, the following new Clauses shall be inserted –

"(ba) '**Compensation Plan**' means plans, whether explicitly stated or not, but in practice by the business entities for distribution of benefits to the subscribers;

(bb) '**Competent Authority**' means authority notified by the State Govt. for winding up of the business entities indulging in money circulation schemes and perform other tasks as assigned by the State Govt. in order to implement the Act;

(bc) '**Downline Subscriber**' means a subscriber who is at a lower level in the pyramid;

(bd) '**Enrolment**' means enrolling one or more subscribers;"
 - (iii) After Clause (c) of Rule 2 of the Principal Rules, the following new Clause shall be inserted –

"(ca) '**Nodal Authority**' means authority in the State, notified by the State Govt. and entrusted with the responsibility of collecting, collating and sharing information with other States, Central Government, Reserve Bank of India and others regarding money circulation schemes;"
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- (iv) Clause (d) of Rule 2 of the Principal Rules, shall be substituted with the following –
“(d) ‘**Promoter**’ means a person or persons who conduct disguised money circulation schemes and includes heirs, assignees etc of the persons who promote business entities running disguised money circulation schemes. It also includes persons who actually control the operations of such schemes even though they may not be or record acting as promoters of the business entities;”
- (v) After Clause (d) of Rule 2 of the Principal Rules, the following new Clause shall be inserted –
“(da) ‘**Pyramid**’ means a multilayered network of subscribers to a scheme formed by subscribers enrolling one or more subscribers in order to receive any benefit, directly or indirectly, as a result of enrolment, action or performance of additional subscribers to the scheme. The subscribers enrolling further subscriber(s) occupy higher position and the enrolled subscriber(s) lower position, thus, with successive enrolments, they form multi-layered network of subscribers;”
- (vi) Clause (h) of Rule of the Principal Rules, shall be substituted with the following –
“(h) ‘**Subscriber**’ means a subscriber, by whatever name called, to a Money Circulation Scheme including disguised Money Circulation Scheme;”
- (vii) After Clause (h) of Rule 2 of the Principal Rules, the following new Clause shall be inserted –
“(ha) ‘**Upline Subscriber**’ means a subscriber who is at a higher level in the pyramid;”

3. Insertion of new Rule 9 A :

After Rule 9 of the Principal Rules, a new Rule ‘9A’ shall be inserted as follows:-

- (i) No individual or a group of individuals or a company or firm or business association, in any form, shall promote, run or participate any scheme as defined under Rule 2(f), including a money circulation scheme in disguise, in the form of direct selling or multi-level marketing or in any other manner;
- (ii) No individual or a group of individual or a company or firm or business association, in any form, shall run a scheme with a compensation plan in which a subscriber has to enroll one or more other subscribers to become entitled to certain benefits, directly or indirectly, as a result of such enrolment, action or performance of such additional subscribers;
- (iii) No individual or a group of individuals or a company or firm or business association, in any form, shall run a multi-level scheme that induces enrolment of new members by offering certain benefits or commission, by whatever name called, to up-line members in the pyramid out of the action or performance like sale or purported sale of goods or services by the down line members;
- (iv) No individual or a group of individuals or a company or firm or business association, if any form, shall run a scheme with a compensation plan, which

envisages receipt of deposits or entry fees or periodical subscription and gives incentive to subscribers out of these funds for enrolment of new subscribers;

4. Insertion of new Rule 9B :

After Rule 9A, as inserted *ibid* in the Principal Rules, a new Rule '9B' shall be inserted as follows :-

- (i) The promoters of money Circulation Schemes shall be personally liable, even if such schemes are run by companies registered under the Companies Act, 2013 or any other business entities carrying limited liability;
- (ii) On receipt of report from the investigating officer and on being satisfied that *prima facie* evidence exists about a money circulation scheme including money circulation scheme in disguise is being operated, an officer not below the rank of Superintendent of Police or any other officer authorized by the State Government in this regard, may order sealing of the business premises and offices connected with such schemes, suspend operations of the bank accounts connected with such schemes and take such other actions required for closure of such business operations pertaining to such schemes;
- (iii) The Competent Authority shall take action for winding up such business in cases where the power to initiate winding up the business entity is vested in the State Government. In the case of companies and other business entities where such a power is vested in the Central Government, the Competent Authority shall forward a report with its recommendations to the concerned Ministry in the Central Government for initiating action for winding up of the Company.

By order of the Governor


(M. Nagaraju, IAS)
Principal Secretary to the
Government of Tripura,
Finance Department